Increase in prices of commodities

*97. SHRI S. ANBALAGAN:
SHRI SYED AZEEZ PASHA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that inflation has crossed 5 per cent in the month of October this year and is continuously increasing;

(b) if so, the details thereof and the reasons therefor;

(c) whether the prices of foodgrains, pulses and vegetables have risen abnormally during the last one year due to inaction on the part of Government; and

(d) if so, the steps proposed to be taken by Government to bring down the prices and to decrease the inflation?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) Inflation measured in terms of Wholesale price Index (WPI) for all commodities and for fodgrains, pulses and vegetables separately is indicated in the table below. While the rate of inflation for all commodities and foodgrains generally show a rising trend in the current year so far, the rate of inflation for vegetables and pulses has declined from their peak in August and September respectively. Since the increase in the prices of foodgrains, including pulses has largely been due to supply side constraints (and consequent demand-supply gaps) and hardening of international prices, steps have been taken to augment the domestic availability by reduction in the duty rates and permitting liberally imports.

WPI based inflation (per cent change over previous year)

week	Month End (last Saturday)	All Commodities (100.00)		Foodgrains (5.01)		Pulses (0.60)		Vegetables (1.46)	
1	2	3	4	5	6	7	8	9	10
No.	Date	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
5	29-Apr.	5.67	3.90	4.01	8.88	3.64	34.84	8.64	-3.40
9	27-May.	5.25	4.99	3.45	9.90	3.69	36.80	6.51	-1.62

1	2	3	4	5	6	7	8	9	10
13	24-Jun.	4.30	4.84	5.57	8.11	7.42	31.97	9.28	10.32
18	29-Jul.	4.16	4.72	4.62	7.16	6.69	27.95	17.01	-1.30
22	26-Aug.	3.33	5.27	3.68	9.52	6.09	28.58	-3.38	6.22
27	30-Sep.	4.61	**5.16**	4.08	**11.81**	4.95	**41.49**	4.38	**-0.68**
31	28-Oct.	4.75	**5.09**	5.09	**11.76**	10.22	**37.58**	8.47	-3.54
33	11-Nov.	4.09	**5.29**	5.30	**12.46**	13.83	**33.93**	15.24	**-4.34**

Bold are Provisional

Indiffirent treatment to Urban Cooperative Banks

*98 SHRI KAMALAKHTAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that RBI is giving step motherly treatment to Urban Cooperative Banks (UCBs);

(b) the reasons for not granting licences, even to good UCBs to open new branches in States which have signed MoU with RBI;

(c) whether Government are aware that RBI is giving same treatment to good and weak UCBs which is adversely affecting their performance and public image and is weakening the cooperative movement; and

(d) if so, whether Government will impress upon RBI to issue licenses for new branches to sound and strong UCBs in those States which have already signed MoU with them?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) It has been RBI's endeavour to develop the Urban Cooperative Banking (UCB) Sector on sound lines in order to provide security to its depositors and to bridge the gap in the credit needs of Tiny, Small and Medium Enterprises.

(b) to (d) Reserve Bank of India's Annual Policy Statement, for the year 2004-05, refers to the issuance of fresh licence to UCB Sector. It stipulates that in order to make this Sector strong, healthy and stable, fresh licences will be issued only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework for the sector, is put in place.

In accordance with the announcement, any fresh proposal for organization of new UCBs or for conversion of cooperative credit societies into UCBs is to be considered only after the situation is reviewed and a